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DUTIES OF CCP BANKS INDICATED;
KMT PASSES CURRENCY ISSUE REGULATIONS

BANK PRESIDENT LISTS BANK DUTIES -- Wen-hui Pao, 28 Jul 49

Pei-p'ing, 27 July 1949 (NCNA) -- Nan Han-ch'en, president of the People's Bank of China, in a recent newspaper article indicated the duties of banks. His conclusions are as follows:

The primary duty of banks should be to promote exports and prevent speculation in foreign exchange. Foreign exchange made available by exports should be controlled for use in importing materials necessary for economic reconstruction. To encourage exports, loans should be extended to aid in producing and marketing export goods. Materials for exports which do not show a profit may be subsidized by the National Trade Corporation or the People's Bank. In the use of foreign exchange, there should be a close relationship between aid rendered to foster production in the interior and aid given to foster exports at the ports. Foreign exchange must be used sparingly and expended only on items necessary to economic reconstruction; it should not be used for materials which China can furnish herself or for which other goods may be substituted.

Another duty of the bank is to hasten the restoration of industrial production by industrial loans. The aim should be to satisfy the needs of public industries and also those private industries beneficial to the people's livelihood. The experience of the T'ien-ching Bank of Communications in aiding industry confirms the correctness of the principle of aiding both public and private enterprises.

Inward remittances should be increased and function freely because of their effect on the flow of goods in the interior. The monetary units of the entire nation, excluding the Northeast, have been standardized, communications have been restored, and other conditions met for the development of inward remittances.

The bank should exercise strict control over currency, in conjunction with trade organs and industry and commerce administrative offices, in order to end speculation. An important consideration is the control of idle capital so as to guide it into productive channels.

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In order to expand farm production, loans should be extended to agricultural industries and subsidiary industries in large amounts. Industrial production in cities depends on the food, raw materials, and export goods produced in the countryside and also on the purchasing power of the farmers.

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POSTAL SAVINGS RESUMED IN T'IENTSING -- Hua Shang Pao, 21 Jul 49

The postal savings system has been resumed by the T'ienting Post Office to encourage and facilitate savings by the people. Both deposit and checking account services are available. A deposit of 200 yuan of People's Bank Notes opens a deposit account and 5,000 yuan opens a checking account. Postal savings checks circulate on the market the same as commercial checks.

GMT ALLOWS PROVINCES TO ISSUE CURRENCY -- Kung-shang Jih Pao, 1 Aug 49

The Executive Yuan on 30 July 1949 authorized provincial banks to issue silver yuan notes. The statute is outlined below:

1. Each provincial bank, if permitted by the Ministry of Finance, may issue notes valued at one silver yuan and 1, 5, and 50 cents.
2. A schedule showing amounts to be issued in each denomination must first be approved by the Ministry of Finance.
3. A Board of Control of seven to nine persons shall be appointed by the provincial government.
4. Ex-officio members of the board shall be: chairman of Provincial Council, auditor, chief of Finance Office, an inspector of the provincial bank, head of the merchants' association, and head of the bankers' association.
5. Such notes will circulate only in the province in which they were issued.
6. Notes issued shall be backed by a reserve of 60 percent in cash and not over 40 percent in securities.
7. All notes which have been transferred from the circulation account to the operations account still will be considered as notes in circulation and must meet reserve requirements.
8. The Board of Control at the end of each month shall check on the amount of issue in circulation and on reserves and submit a report to the Ministry of Finance.
9. All notes will be redeemable at any time in silver yuan or certificates.
10. The Board of Control, whenever reserves are insufficient or issues exceed the limit set by the Ministry of Finance, shall notify the issuing bank to stop issue, call in the excess, and report to the Ministry.
11. On receiving such a notice, the provincial bank shall stop issuing and make up all deficits in reserves, call in all excess notes, and issue no more notes except by permission of the Board of Control.
12. The Ministry of Finance may appoint a representative to examine a provincial bank's issues and reserves, or to take part in the control of issue over an indefinite period.

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